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SUBJECT: (SBU) GREENLAND'S CLIMATE-CHANGE DEAL WITH DENMARK

(U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY. NOT
FOR INTERNET DISSEMINATION.

¶1. (SBU) SUMMARY: Greenland (which is is self-governing within the Kingdom of Denmark) is satisfied with the climate-change agreement it reached with Denmark during COP-15. Under that agreement, Greenland is committed to doing the following by 2020: reducing GHG emissions by five percent from the 2007 level, excluding hydrocarbon activities and energy-intensive industries; covering over 60 percent of civil society's energy needs with hydropower; and developing hydrocarbon activities and energy-intensive industries in accordance with international standards and best practices. A projected Alcoa aluminum smelter will on its own nearly double Greenland's GHG emissions (679,000 tons in 2007), even though it is planned to be driven entirely by hydropower. Greenland will have to negotiate further with Denmark regarding Greenland's commitment under the Kyoto Protocol, which it is not on course to meet. END SUMMARY.

GREENLAND'S VIEW

¶2. (SBU) Greenland is self-governing within the Kingdom of Denmark; it is outside the European Union, and had been seeking to negotiate separate emissions-reduction targets with Denmark in order to avoid being obliged to meet the stricter requirements for EU members. Mette Frost of the Climate and Energy Office of Greenland's Government told Pol-EconCouns January 14 that Greenland Premier Kuupik Kleist laid out the following commitments in a letter to the Danish Minister for Climate and Energy dated November 24, 2009, and that Denmark agreed to them during COP-15:

- Greenland is committed to reducing emissions of greenhouse gases (GHG) in civil society for the years 2013-2020 by five percent from the 2007 level. This excludes hydrocarbon activities and energy-intensive industries.

- By 2020 Greenland will cover more than 60 percent of its energy production for civil society with sustainable energy such as hydro power.

- In 2013-2020, Greenland will develop hydrocarbon activities and energy-intensive industries in accordance with international standards and best practices for sustainable development, including Best Available Techniques (BAT) and Best Environmental Practices (BEP).

¶3. (SBU) Frost explained as follows: Greenland is committed to decreasing its dependence on Denmark's annual block grant (3.4 billion Danish Kroner, nearly USD 700 million, corresponding to about 30 percent of Greenland's GDP), through developing its "vast resources of oil and gas offshore, resources of minerals (zinc, gold, iron ore, molybdenum, olivine, diamonds, etc.)" and making "use of our large potentials for hydropower." The five percent GHG reduction target excludes hydrocarbon activities and

energy-intensive industries because these "are just being developed" in a country the size of India, with fewer than 60,000 inhabitants widely scattered in small settlements, each with a stand-alone energy supply. Per capita CO2 emissions are "relatively high" at 11.9 tons annually. Hydropower already accounts for about 42 percent of energy production after the recent opening of Greenland's fourth hydroelectric plant. A proposed Alcoa aluminum smelter would increase Greenland's CO2 emissions by 650,000 tons due to the industrial processes in aluminum smelting, even though the plant would be driven entirely by hydropower. (NOTE: Final approval for the project is still pending, as Greenland weighs whether to take an equity stake. END NOTE.) For comparison, Greenland's total CO2 emissions were 679,000 tons in 2007. Even so, smelting aluminum in Greenland using clean hydropower would benefit the global climate, because some alternative venues are powered by dirty fossil fuels.

¶4. (U) Kleist described the agreement with Denmark as "reasonable good" (sic) in a speech he gave January 7 in Copenhagen, in the presence of the diplomatic corps and Denmark's Minister for Nordic Cooperation Bertel Haarder. Kleist said he felt Denmark now understood Greenland's development needs. He noted that global warming is having serious impacts in Greenland, placing the livelihoods of hunters and fishermen under threat. Kleist highlighted that as of January 1, 2010, Greenland had taken over "the ownership and control of Greenland's oil and mineral resources. This summer, there will be two exploratory drillings for oil off the west coast of Greenland and we expect more drillings in the coming years." He added that "this summer, we will actively start to seek international investors to finance two or more hydroelectric plants. An expansion of our capacity in clean energy would also be crucial in the event we decide to develop energy-intensive industries."

DENMARK'S VIEW

¶5. (SBU) Peder Lundquist, Deputy Permanent Secretary in the Danish Climate Ministry, confirmed to Regional Environment Officer January 20 that an agreement including the five percent civil-society reduction target was signed by Premier Kleist and Danish Climate Minister Lykke Friis during COP-15.

That agreement stated Denmark would not oblige Greenland to accept further GHG reductions should it sign on to a legally binding global climate accord. Lundquist said there was never any question of Denmark obliging Greenland to accept future emissions restrictions binding on Denmark as an EU member, since Greenland is not part of the EU. According to Lundquist, the new agreement does not absolve Greenland of its binding commitment under the Kyoto Protocol (which Greenland itself chose to subscribe to) to reduce GHG emissions by eight percent from 1990 level between 2008 and ¶2012. Lundquist said Greenland is "way off" reaching that target. Since that failure has implications for Denmark under Kyoto, there will need to be further discussion and agreement on how that issue is to be resolved (most likely, he thought, by purchasing quota under the clean development mechanism, which will raise the question of how that quota is paid for).

FULTON